HAT23R000400070038-8 1. Security Clas 2. Date ITEK CORPORATION Sheet 1 of 3 10/24/63 WORK AUTHORIZATION ORDER Classified 5. Project 4. Ref. to Proposal Contract Date Type 3. Contract No. 9094 No. 10/24/63 CPIF Classified STATIN^{*} 7. Project/Proposal 6. Customer Manager 13. Check Appropriate Blocks CLASSIFIED Interdepartmental & Divisional Service Order 9. DO Rating 8. Customer's Prime Construction Company Sponsored. Tool Order-New Contract No. Govt. Furnished 11. Subject to Yes Tool Order-Conv. 10. Property General Research No Renegotiation Customer Acquired Tool Order-Repair Product Develop. Maintenance Co-sponsored Commercial Contr. Govt. Subcontr. Govt. Prime Subsidized Proi. Proposal Factory Order Statement of Work Quantity & Deliver y Invoice Subproject (Supplementary Sheets May Be Used If Necessary) Unit Price Date Date Item No. No. This W.A.O. is issued for the purpose of defining and collecting costs associated with the settlement expenses resulting from the termination of Projects 9040 and 9045. Definition This WAO is issued to define and collect all expenses leading to the settlement of the termination of Projects 9040 and 9045. Settlement expenses include accounting, legal, clerical, and other similar costs necessary for the preparation and presentation of settlement claims and supporting data with respect to the terminated portion of the contract and to the termination and settlement of subcontracts. Such costs will include labor, related travel expenses, and any other expenses directly attributable to the effort. Other costs to be charged to this project include all reasonable costs for the storage, transportation, protection, and disposition of property acquired or produced for the contract. STATINTL 15. Estimated Project Costs Including Labor, Date Travel and Other Direct Costs Hours (Use Attachments if Necessary) Amount Approved For Release 2062/08/ RDP66B00728R000400070038-8

.A.A.O. 9094 10/24/63 Page 2 of 2 Pages

The following specific cost centers should be established:

- .01 All costs related to legal and contract analyses of the proposed settlement claim. This number is for the use of the Contracts Management Department only.
- .02 To collect all costs related to the preparation and cost review of our proposed settlement claim. This number is for the use of the Accounting Department only.
- .03 To collect all costs related to the termination and settlement of subcontracts, only to the extent necessary for the preparation and presentation of settlement proposals and costs evidenced in connection therewith, i.e., subcontractor's settlement expenses, if any, only. This number is for the use of the Materiel Division only.
- .04 All costs for storage, transportation and travel related to the settlement claim, protection (guards and card keys), and disposition of residual terminated inventory.
- .05 Vidya Division expenses to include all costs in subprojects .01 through .04 above.

NOTE: All charges to this project must be documented in the same manner as charges to Project 9093.

Accounting Instructions

All costs will be accumulated under the above project and transferred monthly to unbilled costs. These costs cannot be billed until the submission of our final settlement proposal relating to the permination.

Approved For Release 2002/08/12: CIA-RDF 66B00728R000400070938-8)w. 2

ATTACHMENT C

PERCENTAGE COMPLETION ANALYSIS

BT-1943

In accordance with the requirements of the contract, it is necessary to determine the physical as well as the fiscal percentage completion for the Contract. Recognizing that the partial termination of this contract left us essentially complete, it appeared most reasonable to identify the work terminated, assign a value to it, subtract the value from the total value of the work that was to have been performed and thereby determine the percentage completion.

The enclosures to this attachment show how these calculations were performed. For the calculation of earned fee, it becomes necessary to remove the Non-Fee-Bearing Actual Costs. Then, by comparison of the Adjusted Fee-Bearing Target Costs with the Adjusted Fee-Bearing Actual Costs (Exhibit A), the difference for the application of the incentive formula can be derived. The incentive fee effect can be readily determined by taking 20% of that difference. The target fee for this contract is then calculated from our Adjusted Fee-Bearing Actual Costs. To this number the incentive fee effect is then added to determine the total fee earned.

STATINTL

The Adjusted Fee-Bearing Target Cost is determined first by analyzing Exhibit B to the attachment. This page reconstructs the total estimated cost, target fee, and CPIF value as shown in the contract through Amendment No. 3. As you will recall, on 9 December 1963, we negotiated several outstanding changes-of-scope in order to determine what the value of the contract should be to represent the total amount of work that was to have been performed. This then establishes the Total Estimated Cost figure from which the Non-Fee-Bearing Costs as well as the value of the work not performed may be subtracted. Exhibit C of this attachment identifies the work areas not completed and attaches the associated dollars which represent the value of that work not completed. These costs are then subtracted from the total contract fee base which is developed in Exhibit D and derives the Adjusted Fee-Bearing Target Cost which is then entered as Item I on the Summary Statement of Earned Fee.

Exhibit D again reconstructs the total cost base of the contract less the Non-Fee-Bearing Costs which are identified by each negotiation preceding the contractual documents. You will see that the Non-Fee-Bearing Costs for this contract were all contained in the original contract negotiation. The four (4) pages in Exhibit E detail, in cost summary form, the manner in which we derived our estimate for the value of the work not performed. The total cost of each page is identified with their titles in Item II of Exhibit C. The sum of these, therefore, represent the credit to be given the Total Contract Fee Base in Exhibit C and Adjusted Fee-Bearing Target Cost. Returning to the Summary Statement, Item II, Adjusted Fee-Bearing Actual Costs are brought forward from

Approved For Release 2002/08/12: CIA-RDP 66B00728R000400070038-8

15 July 1964

ATTACHMENT C

Item III of Exhibit F. In this instance we have determined our "actual" cost by using our book direct labor and material expenses plus the reserve for outstanding commitments. To these numbers are applied our Estimated Recoverable Rates. (Exhibit C shows the analysis by fiscal year which derives the totals by category which are brought forward to Item I and II of Exhibit F.)

On the Summary Sheet, since the Adjusted Fee-Bearing Target Costs are greater than the Fee-Bearing Actual Costs, a positive difference for application of the incentive formula is developed. Twenty per cent (20%) of the difference is determined and added to the Target Fee to derive the Total Fee Earned as shown. Our fee invoice for this contract is then determined by taking this amount and subtracting the fee paid to date.

The physical percentage completion of the contract can then be derived by determining the per cent our total "actuals" are of the total contract value. From each of these numbers the value of the two (2) material transfers has been subtracted prior to the calculation. This contract is, therefore, 97% complete.

Next 9 Page(s) In Document Exempt

RDF 55 500729 R00040007003 Approved For Release 2002/ 2. Date ITEK CORPORALION WORK AUTHORIZATION ORDER 10/24/63 Classified 5. Project Type CPIF 4. Ref. to Proposal Contract Date 3. Contract No. 9093 Classified 10/24/63 No. 7. Project/Proposal 6. Customer STAT**I**NTL Manager 13. Check Appropriate Blocks CLASSIFIED Interdepartmental & Divisional Service Order 8. Customer's Prime 9. DO Rating Company Sponsored Construction Contract No Tool Order-New 11. Subject to Govt. Furnished 10. Property Yes Tool Order-Conv. General Research Customer Acquired Renegotiation No Tool Order-Repair Product Develop. Maintenance Co-sponsored Govt. Subcontr. Govt. Prime Commercial Contr. Factory Order Subsidized Proj. Proposal Statement of Work Quantity & Invoice Deliver y Subproject (Supplementary Sheets May Be Used If Necessary) Unit Price Date Date : Item No. No. This W.A.O. is issued for the purpose of establishing an effective subproject breakdown with which the termination costs will be collected in conjunction with the stop work order for Projects 9040 and 9045. The Projects 9040/9045 \$TATINT extension 788) is Contracts Manager established as the director of all contractual STATINTI proceedings, responsible to Project 9040/9045 Project Manager, for daily implementation and to _____ (extension 2434) Manager, STATINTL Contracts Department, for implementation of ... contractual and company policy requirements. The termination costs are defined as being costs for the work performed at the start of the Itek work day, 28 October 1963, which are associated with the taking of physical inventories; preparation of data for storage; preparation of finished materials, tools, etc., for storage; and all other work as may be directed by the termination manager and as will be contained in task statements to be issued. In the accumulation of these costs the following principles shall be applied: 1. Only personnel who previously charged 9040 or 9045 mhall charge the appropriate 9093 STATINTL subproject numbers. 15. Estimated Project Costs Including Labor, Date Travel and Other Direct Costs (Use Attachments if Necessary) Hours Amount QARDP66B00728R000400070038-8 Approved For ReleSTATION AND 12

W.A.O. 9093 10/24/63 Page 2 of 2 Pages

- 2. All personnel who previously charged indirect departments or accounts while projects 9040 and 9045 were active shall continue to charge indirect departments or accounts.
- 3. All expenses that would have been considered direct or indirect had 9040 and 9045 been brought to their logical conclusion shall be similarly charged while projects 9093 and 9094 are active.
- 4. Subcontracts: In the settlement of all subcontract claims:
 - a. The monies claimed by subcontractors for actual work performed prior to 25 October 1963 shall be charged to the original 9040/9045 appropriate accounts as indicated on the purchase order.
 - b. Any termination costs, settlement expenses or cancellation charges, claimed by subcontractors shall be charged to Project 9093.56.
 - c. Purchasing shall terminate all subcontractors with the exception of Schott.
- 5. All inventory located at subcontractors' plants shall be held pending further instructions.
- 6. No overtime will be approved or expended against this project number.
- 7. Any time sheets or cards submitted to payroll containing charges against this project number shall contain on the reverse side brief descriptions of the work performed during the hours indicated.
- 8. A change notice shall be issued to this Project W.A.O. upon receipt of further instructions from the Contracting Officer.